MONTGOMERY SMALL COMPANIES FUND

INVESTMENT REPORT & FACT SHEET

FUND OVERVIEW

Montgomery Lucent's investment philosophy is guided by fundamental research and analysis. Small market capitalisation companies are relatively under-researched and when markets misprice securities, this creates investment opportunities.

The Montgomery Small Companies Fund (The Fund) typically invests in a portfolio of 30 to 50 high quality, undervalued small and emerging companies with strong growth potential.

The Fund will focus on investing in companies outside of the ASX 100 and across the New Zealand stock market, while being able to invest up to 10% of the portfolio in pre-IPO opportunities.

We are searching for companies likely to benefit from secular trends, industry change and with substantial competitive advantages. With a "lifecycle approach" to sizing the portfolio positions depending on whether they are an early stage, emerging, developed or a core investment, The Fund is designed to be as agile as the remarkable small companies that it invests in. This is a long-only portfolio.

FUND FACTS

INVESTMENT MANAGER
Montgomery Lucent Investment Management Pty Limited

OBJECTIVE
The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over a rolling 5 year period.

BENCHMARK
S&P/ASX Small Ordinaries Accumulation Index

FUND CONSTRUCTION
The Fund's Small Cap portfolio will typically comprise 30-50 high quality stocks listed on the ASX and/or NZSX. Cash typically ranges around 10%.

APIR
FHT3726AU

PORTFOLIO MANAGERS
Gary Rollo

Dominic Rose

RECOMMENDED INVESTMENT TIMEFRAME
5 years

MINIMUM INITIAL INVESTMENT
$25,000

INCEPTION DATE
20 SEPTEMBER 2019

FUND SIZE
$243.0M

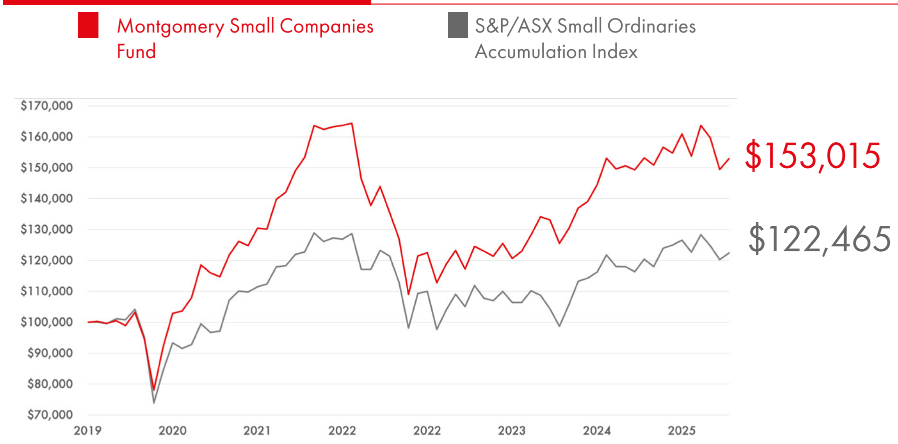
MANAGEMENT FEES AND COSTS
1.23% per annum*, which includes a management fee of 1.03% per annum.

*Includes the Responsible Entities fees, Montgomery's fees, custody fees, ordinary and abnormal expenses and any indirect costs

PERFORMANCE FEES
17.94% of the amount by which The Fund outperforms its Benchmark, after other fees and expenses have been deducted and achieves positive performance.

APPLICATION & REDEMPTION PRICES
www.montinvest.com/our-funds/montgomery-small-companies-fund/

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 30 April 2025, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY SMALL COMPANIES FUND	S&P/ASX SMALL ORDINARIES ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	2.39%	**2.39%**	1.84%	0.55%
3 months	0.00%	-6.53%	**-6.53%**	-4.58%	-1.95%
6 months	0.00%	-1.12%	**-1.12%**	-1.99%	0.87%
12 months	0.18%	2.08%	**2.26%**	3.73%	-1.47%
3 years (p.a.)	0.94%	3.18%	**4.12%**	0.29%	3.83%
5 years (p.a.)	2.39%	8.30%	**10.69%**	7.73%	2.96%
Since inception#	11.53%	41.48%	**53.01%**	22.47%	30.54%
Compound annual return (since inception)#	1.96%	5.92%	**7.88%**	3.68%	4.20%

Inception: 20 September 2019 | Past performance is not indicative of future performance

TOP COMPLETED HOLDINGS* (TCH)

(as at 30 April 2025 showing top 5 of 49 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Aussie Broadband	ASX:ABB	https://www.aussiebroadband.com.au/
Bapcor	ASX:BAP	https://www.bapcor.com.au/
Megaport	ASX:MP1	https://www.megaport.com/
Nick Scali	ASX:NCK	https://www.nickscali.com.au/
Superloop	ASX:SCL	https://www.superloop.com/

**Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.*

Total equity weighting	93.19%
Total cash weighting	6.81%

TOP 3 CONTRIBUTORS AND DETRACTORS

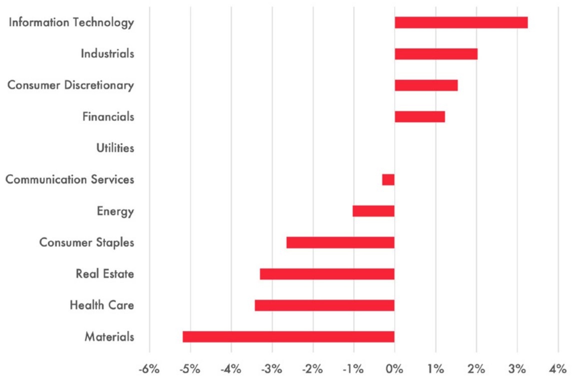
CONTRIBUTORS

Megaport	A non-U.S. consumer growth story
Nick Scali	A non-U.S. consumer growth story
Superloop	Peer highlights strong market conditions

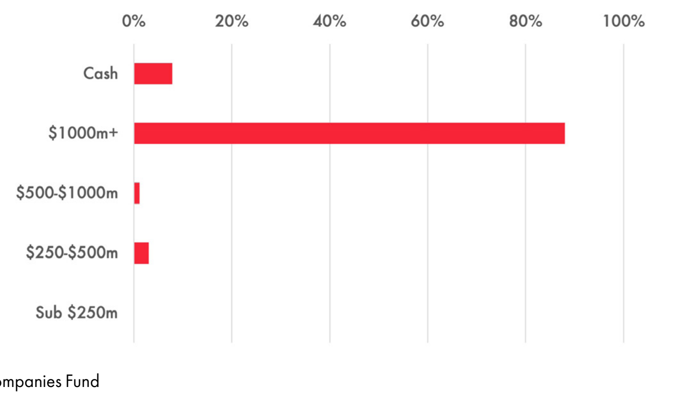
DETRACTORS

Beach Energy	Energy prices weak on global growth slowdown fears
HMC Capital	Asset problems hurt future growth prospects
Zip Co	U.S. consumer slowdown possible

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



MARKET CAPITALISATION EXPOSURE



CONTACT DETAILS

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PLATFORMS WE ARE ON: Asgard ⇔ BT Panorama ⇔ Clearstream ⇔ Colonial First Wrap ⇔ DASH ⇔ HUB24 ⇔ IOOF eXpand ⇔ Macquarie Wrap ⇔ Mason Stevens ⇔ MLC/Navigator ⇔ Netwealth ⇔ North ⇔ Powerwrap ⇔ Praemium ⇔ Xplore Wealth

For the month of April, the Montgomery Small Companies Fund (the Fund) increased by 2.39 per cent, net of fees, versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which increased by 1.84 per cent. Since inception the Fund has returned (after all fees and expenses) 7.88 per cent p.a. relative to its benchmark which has returned 3.68 per cent over the same period.

Markets were volatile as they digested the U.S. Administration's Liberation Day Tariff announcements, subsequent country specific reciprocal responses, then the U.S. flip flopping toward a 90 day pause, for all excluding China, Mexico and Canada, and some sectorial tariffs. It's all a bit difficult to keep track of! Despite the benchmark falling 8.2 per cent during the month, it subsequently rallied 11 per cent, leaving the market 1.84 per cent higher, with the Fund doing a little better. Whilst it's not possible to accurately predict what twists and turns will come next on tariffs or trade deals it is clear the market has started to factor in the prospect for slower global growth, a weaker U.S. consumer and the risk of U.S. inflation being stronger than previously thought. On the flip side it is now possible that Australian Consumers, like other non-U.S nations, may benefit from expected Chinese excess capacity, with the prospect of falling prices for some consumer goods. This increases the Reserve Bank of Australia's (RBA) optionality on how to manage a growth slowdown, if there is one here, as lower inflationary forces (all being equal) provides greater scope for interest rate cuts.

The largest positive contributors for April included Megaport (ASX:MP1), Nick Scali (ASX:NCK) and Superloop (ASX:SLC).

Megaport has performed well for the Fund since it was re-introduction early this year. Whilst there was new fundamental news to drive the shares this month, this is a growth stock that is exposed to the U.S. corporate, not consumer and we expect that many in the market, like us, have re-shuffled their line up of growth stocks. With Megaport being a beneficiary of this. We added to Megaport during the tariff driven market drawdown in the month.

No new news at Nick Scali, but we feel it's probably been a beneficiary of the tariff narrative and the potential positive impact on lowering rate expectations in Australia which is good for demand for mid-ticket items like sofas. The idea of excess Chinese capacity also helps Nick Scali's future margin story. Again, we added to our position in Nick Scali during the month.

There was no new news for Superloop in April, and despite this the share price climbed some 18.5 per cent. Superloop's challenger telco brand competitor Aussie Broadband hosted an investor day in early April that highlighted particularly favourable market conditions that peer Superloop should also be enjoying. Superloop is a long standing investment that has done well for the Fund. We think it has a period of significant growth and earnings power, in excess of market expectations, that should become steadily apparent in the next couple of years.

The largest detractors from performance included Beach Energy (ASX:BPT), HMC Capital (ASX:HMC) and Zip Co (ASX:ZIP).

Beach Energy's shares got caught up in global energy price weakness as global growth expectations slowed post the tariff announcements in Early April. Its third-quarter activity report was mixed with good short term cashflows from factors that will unwind in the future, but slight pushback to the timing of critical project Waitsia's commencement. Waitsia will start generating cash this year, and a good time to evaluate Beach Energy's value will be after that cash starts to accumulate on its balance sheet.

HMC Capital has rarely been out of the news in the last 6 months. Late last year it was all about their ability to facilitate deals – it was at the heart of the Sigma – Chemist Warehouse deal – or raise capital and grow its fund's management business with its listing of Digico.

However, the market for equity linked growth stories has become a more circumspect, and specifically for HMC Capital, where its DigiCo listing performed poorly, and its listed Health and Wellness Trust (HCW) became embroiled in the negative headlines around the weakness of rent paying tenant and private hospital operator Healthscope. We exited our position in HMC Capital.

ZIP Co is the poster child of U.S. consumption, set to benefit from expected market penetration of buy now, pay later from very low in the U.S. market to something more on par with what we see here in Australia over the next 5-10 years. A strong U.S. consumer growth story. Providing short term credit to U.S. consumers is not the type of exposure the market is willing to pay for in the current expected tariff driven weakening U.S. consumption backdrop and the share price underperformed the market materially in March and April.

We've altered the line up of the Fund in the past month or so in anticipation of weakening global growth and U.S. consumer, and potentially a more attractive Australian consumption backdrop. Whilst we have sold some U.S. consumption growth exposure, we still retain a healthy growth skew to the portfolio, taking advantage of the drawdown in the month by adding to some names we still like at better prices. We added some more domestic Australian stocks including those in auto, housing, retailers and real estate investment trusts, all of which look relatively better alternatives in a rapidly declining Australian interest rate environment.

It's hard to tell what comes next in the headline driven, tariff dominated political narrative, but what's happened so far is starting to appear in the reports of stocks that are directly exposed to demand pattern shifts arising from the uncertainty of tariffs. Both Flight Centre and Corporate Travel Management have warned of weakening end travel demand in the U.S. and inbound tourism to the U.S. has already been widely reported in the press as weakening. We'd expect more such announcements over the next couple of months. The clock is ticking for the U.S. administration, the longer it has to wait for deals with tariffs at levels that prohibit trade, especially with China, the bigger the impact on U.S. consumption will likely be. They are incentivised to find common ground on future bi-lateral trade deals, and get those tariff levels down to reduce the impact on U.S. consumption and inflation expectations. Our philosophy is to be nimble, and to take advantage of opportunities we see, and we expect there will be more to come, bad news and good.